

CFDF Corporation

Minutes of Meeting

Tuesday, August 28, 2007

I. Call to Order: Meeting was called to order at 6:10 pm.

II. Roll Call: All Board members were present. Also present were, Tony Ventetuolo, Wayne Salisbury and Tammy Novo.

III. Secretary's Report: On a motion by Maurice Brousseau seconded by Augie O'Connor the Board voted 5-0 to accept the minutes of the July 31, 2007 Board meeting. It was noted that under "Section C, Management Contract" of the minutes information which was discussed during Executive Session was noted by mistake in the Open Minutes Meeting Report. This will be stricken from the record.

IV. Treasurer's Report: On a motion by Maurice Brousseau seconded by Gene Racquier the Board voted 5-0 to accept the financial report for the period ending June 30, 2007, as discussed by Tammy Novo, CFO.

V. Executive Session: On a motion by Gene Racquier seconded by Augie O'Connor the Board voted 5-0 to go into Executive Session at 6:15 pm to discuss security issues as well as litigation and union negotiations. The Board came out of Executive Session at 7:05 pm and voted 5-0 to seal the minutes of the Executive Session.

VI. Old Business:

a Project Banking: The IXIS Funding report for the period of 07/01/07 through 07/31/07 was presented to the Board. It was noted that this will be the last document presented on this particular project, since the interest was sold last month.

b Bank of America Account: Bank of America activity sheets were provided to the Board and showed a balance of approximately \$621,613.00.

c. Bank of America Line of Credit: Mr. Ventetuolo discussed his discussion with Kevin Tracey of Bank of America. Essentially, the risk management group of Bank of America has not come back to the Corporation with a new agreement and it appears that Bank of America is reluctant now to adhere to the term sheet that they provided several months ago. Mr. Ventetuolo and Ms. Novo will be putting together packages to seek a line of credit with other banking institutions.

d. Expansion Project Status:

a. Levien-Rich observation report #25 was presented to the Board for their review. It was noted that all construction, with the exception of a small part of Phase IV was completed and a punch list on the entire facility is being review. Payment for this month will be approximately \$500,000.00 leaving a balance of approximately \$400,000.00 of work to be completed along with a retainer to the Contractor of \$700,000.00.

b. Mr. Ventetuolo provided the Board with a Builder's Risk claim in the amount of approximately \$50,000.00 for a water leak in the roof of

the R&D section. The report of this claim was sent to the Inter-local Trust.

c. Mr. Ventetuolo discussed the overall project schedule with basically punch list items remaining. All punch list items should be completed by the end of September, 2007.

e. Management Contract/Transition:

a. Indemnification Agreement: An indemnification agreement was discussed by Mr. Orton relative to ongoing transition activity with Cornell Corrections for the time period after August 1, 2007.

b. Commissary Agreement: A new Commissary Agreement was discussed by Mr. Ventetuolo and provides a new revenue area of approximately \$150,000.00 per year, from a percentage of items sold in the inmate commissary.

c. Insurance Coverage Crime: Mr. Ventetuolo discussed a new umbrella policy to cover any loss of funds through employee crime.

d. Transition Expense Update: Mr. Ventetuolo provided an update of transition expenses paid by AVCORR to date. The total up to 07/31/07 is \$136, 968.35 which leaves a transition account balance in AVCORR's account of \$10,940.83. Mr. Ventetuolo noted several additional items have been incurred but have not yet been paid out of that account.

e. Cornell Payables, 2006: Tammy Novo discussed her audit process involving both payables from 2006 as well as 2007. She is currently reviewing all accrued items of the 2007 invoices that have come in with an eye toward netting any excess payments in those invoices to outstanding balances that the Corporation owes for 2006.

VII. New Business:

a. Global Revenues: Global Revenues for July, 2007 were provided to the Board.

b. O/D T Pharmaceutical Issue Update: Mr. Ventetuolo discussed the settlement with the Office of Detention Trustee relative to the pharmaceutical issue. Accordingly, US Marshal Service will now be charged directly for any prescription drugs provided to the inmate population. Over the counter medication, as was the case in the past, is part of the per diem and will be coming out of the \$96.00 per diem amount. Mr. Ventetuolo noted that this issue was very important and very positive to settle as during the course of the year we have projected expenditures of over \$375,000.00 for prescription medication. A credit will be given to the US Marshal Service for over the counter medication that was mistakenly billed directly to them for the period of March 1, 2007 to present. This should be under \$2000.00 in total.

c. Bond Continuing Disclosure: Second quarter report to the bondholders was presented to the Board and showed all action taken over the last quarter.

d. State Labor Relations Board Petition: Mr. Ventetuolo and Mr. Salisbury discussed the status of the state labor relations board petition and noted that Vin Ragosta has been entered as the Attorney of Record.

- e. Cornell Contract Termination:** An article provided to the Board indicated that Cornell Corrections contract with the Albuquerque Jail has been terminated due to problems at that facility.
- f. Reorganization Review/ Job Specifications:** Mr. Ventetuolo noted that the Arnold Group has been utilized to review all job specifications at the Wyatt Facility with the intent of redrafting those job specs to fit our recent reorganization and new roles of various positions.
- g. RIDOC Cost Per Offender:** Mr. Ventetuolo provided a document showing the per diem cost of the RIDOC ACI facilities. It is noted that the Wyatt facilities which include all costs are less than comparable facilities at the ACI even though the ACI does not show all expenses and does not show hidden costs provided by other state agencies.
- h. Educational Firm:** The Board discussed the hiring of an educational firm to come in and begin education of staff and a review of staff issues related to employment. On a motion by Maurice Brousseau seconded by Gene Racquier, the Board voted 5-0 to authorize the Executive Director to move forward with this employee analysis report and not to exceed \$30,000.00.

VIII. Other:

- a. Requisitions:** On a motion by Maurice Brousseau seconded by Casey Andrade the Board voted 5-0 to pay all requisitions presented on the agenda.

IX. Adjournment: On a motion by Maurice Brousseau, seconded by Casey Andrade the Board voted 5-0 to adjourn at 7:35 pm.